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The Affordable Care Act of 2010: A Brief Summary

Jim P. Stimpson

SUMMARY

In March 2010, the Patient Protection and Affordable Care Act (ACA, P.L. 111-148) as amended by the Health Care and Education Reconciliation Act of 2010 (HCERA, P.L. 111-152) (referred to hereafter as the ACA) was signed into law as the most comprehensive piece of legislation since the passage of Medicare and Medicaid legislation in 1965 aimed at creating sweeping health care reform. This brief provides a summary of the titles contained in the law, the implementation of the provisions, and the estimated financial impact.

The ACA is the most sweeping change to the health care system since the passage of Medicare and Medicaid legislation in 1965. The main goal of the law is to expand access to coverage by requiring US citizens and legal residents to have health insurance. The process of selecting health insurance will be facilitated by state-run health insurance exchanges, which are centralized marketplaces where consumers can purchase insurance. Persons who choose to not have health insurance could incur a tax penalty. There are also requirements for businesses to provide health insurance to their employees, depending on the number of employees, and penalties for not doing so. The 10 titles and 487 sections of the law touch nearly every aspect of the US health care system:^{1,2}

1. "Quality, Affordable Health Care for All Americans" deals with expanded private health insurance coverage and regulation of the private health insurance market.
2. "Role of Public Programs" expands and reforms public coverage in Medicaid and the Children's Health Insurance Program.
3. "Improving the Quality and Efficiency of Health Care" improves the quality and efficiency of medical care delivered to all Americans and makes changes to Medicare.
4. "Prevention of Chronic Disease and Improving Public Health" creates new initiatives and programs to prevent injury and disease and to improve public health systems.
5. "Health Care Workforce" increases the numbers and improves the quality of health professionals in the United States.
6. "Transparency and Program Integrity" provides new tools to combat fraud and abuse in public and private health insurance, discloses health industry financial information to the public, protects elders from abuse, and improves nursing home quality.
7. "Improving Access to Innovative Medical Therapies" creates a new pathway for the production and sale of generic-like biologic drugs (aka, biosimilars).
8. "Community Living Assistance Services and Supports (CLASS Act)" supports independent living for the disabled.
9. "Revenue Provisions" pays for about half the cost of expanded coverage in Titles 1 & 2.
10. "Strengthening Quality, Affordable Health Care for all Americans" makes amendments to Titles 1-9.

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There are 92 specific provisions in the law, which will be implemented through 2018. Since the passage of the law in 2010, 55 provisions have gone into effect. The Kaiser Family Foundation has an interactive tool to track the implementation of the law over time.³ The US Department of Health and Human Services, which is in charge of implementing the law, reported that Title 8 of the law, usually referred to as the CLASS Act, will not be implemented because analyses concluded that the title is not financially self-sustaining.

So far, implementation of the health reform law has produced several benefits for Americans, including the following:

- A Patient’s Bill of Rights protects consumers by prohibiting insurers from denying coverage to children with pre-existing conditions and from making lifetime dollar limits on coverage.
- New tools crack down on unreasonable health insurance premium increases and ensure that at least 80% of premium dollars are spent on quality care, not administrative costs.
- Young adults up to age 26 can be covered through a parent’s private health insurance plan.
- Research dollars, which are being managed primarily by the Center for Medicare and Medicaid Innovation and the Patient-Centered Outcomes Research Institute, have been allo-

cated to test innovative ways to deliver quality, patient-centered care.

- Providers can organize accountable care organizations that voluntarily meet quality thresholds to share in the cost savings they achieve for the Medicare program.
- Teaching Health Centers are established that provide payments for primary care residency programs in community-based ambulatory care centers.
- Collection and reporting of data on race, ethnicity, sex, primary language, disability status, and for underserved rural and frontier populations has been enhanced.
- Private individual and group health plans must provide a uniform summary of benefits and coverage to help consumers compare and understand health insurance coverage options.
- The Medicare Independent Advisory Board will submit recommendations to reduce the per capita rate of growth in Medicare spending if spending exceeds targeted growth rates.

The ACA is expected to provide new coverage to more than 32 million people. The following table summarizes the estimated financial impact of the ACA through 2019 (calculations were performed by the Congressional Budget Office [Titles 1-8] and the Joint Taxation Committee [Title 9]).

ACA Titles	Expenses (billions)	Revenues/Savings (billions)
1. Private Coverage	509	81
2. Public Coverage	459	53
3. Medicare	54	450
4. Prevention	18	1
5. Workforce	18	---
6. Transparency	3	7
7. Innovative Therapies		7
8. CLASS		70
9. Revenues		438
Interactions & Indirect tax effects		78
TOTAL	1061	1185

These estimates may be a conservative estimate of the revenue and savings potential of the ACA. A recent analysis by the Commonwealth Fund accounted for new spending and transfers of existing spending from the private to the government sector. They calculated that the ACA would reduce national health expenditures by \$590 billion from 2010-2019. These savings would translate into an estimated 5.7% annual growth in national health expenditures compared to the 6.3% annual growth expected prior to health reform.⁴

References

¹McDonough JE. *Inside Health Reform*. Berkeley, CA: University of California Press; 2011.

²<http://www.healthcare.gov>.

³<http://healthreform.kff.org/Timeline.aspx>.

⁴Cutler DM, Davis K, Stremikis K. The impact of health reform on health system spending. *Commonwealth Fund pub.* 1405, Vol. 88, May 2010.

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Conflict of Interest

None.

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The views expressed herein are those of the authors and do not necessarily reflect the views of collaborating organizations or funders, or of the Regents of the University of Nebraska.

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